

SYNOPSIS OF PRIMARY PROVISIONS: COMMERCIAL MOTOR VEHICLE ADVANCED SAFETY TECHNOLOGY TAX ACT OF 2009

Purpose of the Legislation:

- The legislation would provide a tax credit to facilitate the accelerated development and deployment of advanced safety systems for commercial vehicles.
- Fleet owners continue to cite cost as the primary impediment to the adoption and installation of new technologies. By providing the fleets with tax incentives, designed to make such systems more affordable for purchase, this legislation would help to increase the use of advanced vehicle safety technologies in the domestic market and reduce injuries and fatalities on the nation's roads.

Eligible Vehicles:

- The tax credit would apply to commercial motor vehicles that weigh more than 26,000 lbs, including trucks and trailers. It would also apply to motorcoaches, transit buses and school buses.

Eligible Safety Systems:

- There are several market-ready technologies which could notably assist in reducing the number of heavy duty truck-related crashes and fatalities on the nation's roads.
- The bill includes the following systems: Electronic Brake Monitoring Systems; Vehicle Stability Systems (Electronic Stability Control and Roll Stability Control); Lane Departure Warning Systems (with Blind Spot Detection); and Collision Warning Systems (with Adaptive Cruise Control).
- The legislation will encompass both the original equipment (OE) and aftermarket installation of these safety systems.
- These specific advance safety systems have the potential to significantly address the most prevalent large truck crash types and the key factors associated with crashes (as cited by the 2006 FMCSA Large Truck Crash Causation Study). For example:

<u>CRASH TYPE/FACTOR</u>	<u>PERCENTAGE OF INCIDENTS</u>	<u>RELEVANT TECHNOLOGY</u>
Brake Problems / Out-of-Adjustment Brakes	29.4 %	Brake Stroke Monitoring Systems
Rear End Collisions	23 %	Collision Warning Systems
Side Swipe Collisions	10.3 %	Lane Departure Warning Systems
Ran off road/out of lane	17.8 %	Lane Departure Warning Systems
Rollover	8.9 %	Vehicle Stability Systems

Structure of the Tax Credit:

- The bill would create a tax credit for fleet owners, valued at 50 percent of the retail cost of the system with a maximum of \$1,500.
- The legislation would also allow the fleet to purchase multiple technologies, but the total amount of credit permissible per vehicle would be capped at \$3,500. Finally, the overall amount of credit available to each company or motor vehicle carrier fleet would be restricted to \$350,000 per year for all vehicle purchases.

- Tax exempt entities will be able to access the credit relative to their purchases of school buses and transit buses. In these situations, the credit will pass directly to the vehicle manufacturer. The vehicle manufacturer must then provide documentation to the purchaser of the vehicle, detailing the amount of the credit. The final result is most often a reduction in the purchase price of the vehicle.

Lifespan of the Credit:

- The credit would last for five years, becoming effective upon the enactment of the bill and expiring on December 31, 2014.

Role for the Department of Transportation:

- The legislation would allow the Federal Motor Carrier Safety Administration (FMCSA) and the National Highway Traffic Safety Administration (NHTSA) to add or remove technologies from the list of eligible safety systems.
- This provision enables the regulatory agencies to participate directly in the implementation of the credit and to provide appropriate input to the process.

Benefit for the Public:

- The number of trucks on our nation's highways continues to grow, increasing the societal need to consider new innovations and alternatives as part of the overall safety debate.
- Despite the efforts of the Dept. of Transportation, truck-related fatalities have remained relatively steady over the past ten years. In 2006, there were 4,995 fatalities in crashes involving large trucks and an estimated 106,000 people were injured.¹ The estimated cost of each average truck crash is \$91,112 while the estimated cost of a fatal crash is \$3,604,518.²

¹ Source: Large Truck Crash Facts, Analysis Division, FMCSA – January 2008

² Source: "Unit Costs of Medium and Heavy Truck Crashes;" Pacific Institute for Research and Evaluation; Report for the Federal Motor Carrier Safety Administration; December 2006